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1. The Former Italian Colonies and Ethiopia: Trends and Prospects  
 By Robert D. Baum, American University.
2. The Changing Economic Structure of South Africa.  
 By Leonard H. Samuels, University of Witwatersrand,  
 Johannesburg, South Africa.

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THE CHANGING ECONOMIC STRUCTURE OF SOUTH AFRICA.

CPYRGHT

*Leonard H. Samuel*

INTRODUCTION:

less than a century ago, the Union of South Africa was a remote, isolated area at the tip of the African Continent. Trading connections with the outside world were tenuous; the interior was difficult of access; and, except for parts of the Cape, the wants of its scattered population were restricted and largely satisfied by a primitive form of subsistence farming. To-day, the economy is in most part highly organized, with a striking capacity for growth.

The Union's economic expansion has significant lessons for all underdeveloped areas, though it has also been affected by the presence of people of different cultures and skin colours. From the outset, the white society, which took root at the Cape during the second half of the seventeenth century, was profoundly influenced by its relations with the aboriginal peoples. First, there were the Bushmen and Hottentots, and their numbers were increased by slaves imported to labour for the white colonists. As the whites expanded the frontiers of their settlement northwards, they also came into contact with the African tribes advancing southwards. Contact between these white and black immigrant communities inevitably resulted in a series of clashes, in part, since both were essentially pastoralists with the same requirements for grazing and water. Each clash between these two vigorous groups perpetuated the colonists' dependence on the labour of the conquered people, because it left large numbers of black labourers at the beck and call of the farmers.

Running throughout South Africa's economic history is this conflict: the growing dependence on the black man's labour however great the distaste

for his person or the fear of his competition for land or for jobs. Despite repeated attempts by the various Administrations to keep whites and non-whites apart by military frontiers or, after the middle of the nineteenth century, by a policy of geographic separation through the creation of Reserves for blacks, economic contact between the different groups intensified. Indeed, the process by which the whites acquired the bulk of the land increased the inter-dependence between the conquerors and the dispossessed.

To-day, in the Union of South Africa, which covers an area of almost 473,000 square miles, there are about 13,000,000 people, comprising some 2,700,000 whites and 8,800,000 Africans, while there are over 1,100,000 Coloured people, descended from the Bushmen, Hottentots, slaves, Africans and Whites. There are, in addition about 400,000 Indians, first brought to South Africa in 1860 as indentured workers, who constitute the fourth element in this complex multiracial society.

Though outnumbered nearly five to one, the whites constitute the elite group in this deep south of the African Continent. Their higher economic standards reflect, in part, differences in skill and productivity, but are also due to their strong bargaining position and such factors as tradition and colour prejudice. The dominant position of the white group within the political and social structure flows from their control of political and military power, superior education and their Western heritage.

The story of South Africa has often been told in terms of this formidable structure to defend a 'White South Africa.' Yet, perhaps, the most significant aspect of the Union's economic development has been the gradual break-down of all those barriers, which have impeded the growing inter-dependence of its inhabitants. Increased co-operation has resulted in higher standards of life for all sections of the population, who have been drawn

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into the modern economy. In so far as these higher standards have depended upon increased co-operation and inter-dependence, the different groups are destined to become even more closely integrated, if the economy is to maintain its present rate of expansion.

One of the most potent forces making for these changes has been the high economic and cultural aspirations of the small white settled population. The whites have been able to satisfy their desire for greater material welfare through their skill, initiative and growing command over the means of production. In the process, they have attracted the less developed African and Coloured peoples into the ambit of an exchange economy, and have constructed with their aid a modern state closely linked to, and dependent on, the world economy.

#### STRUCTURAL CHANGES IN SOUTH AFRICA.

The diamond and gold discoveries of the 'sixties, 'seventies and 'eighties of the last century wrought an economic revolution in a still largely feudal society. They provided wealth on a spectacular scale, produced an immediate expansion of the market, quickened the tempo of commercial life, drove up land values, and led to a rapid creation of capital gains. Moreover, the mineral discoveries led to a substantial influx of capital and immigrants from abroad to the largely inaccessible interior. Here, indeed, was the surplus wealth and the technical skills necessary to develop the country's resources and span it with a network of communications.

It is not possible to review more than briefly the economic changes initiated by the mineral discoveries, which were destined to destroy the largely static, rural society. The sudden establishment of new, large-scale activities threw a heavy strain on a farming system with its small surplus production.

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The expanded demand for meat and other foodstuffs, together with the pressure of rising land values, required a more settled agriculture or intensive stock raising. Those farmers, driven on to poorer and smaller areas of land, acquired mainly through the process of sub-divided inheritance, became increasingly incapable of adjusting themselves to the economic development taking place in the rest of the economy. They were bound to fail, since the farming techniques with which they were familiar were only suited to the primitive methods of exploitation of large land-owners, dependent on an abundant supply of 'cheap' labour. Thus, there emerged a growing class of rural poor, who tended to join the ranks of those landless whites, the "byowners." They were called "Byowners," because they lived on the land of relatives or friends for whom they worked in one capacity or another, but without any real economic status. These landless whites became at last what they were called - 'poor whites.'

Each shock to the agricultural economy disturbed the loose hold of some of these agriculturists on the land, and sent a fresh wave of them into the towns. Agriculture in South Africa has had many shocks, apart from the droughts, pests and other natural disabilities which afflict it. In this century, perhaps, the most serious shocks have been the Anglo-Boer War between 1899-1902, and the collapse of agricultural prices after the boom following World War I and during the Great Depression. Despite the general growth of agriculture, therefore, farming as a whole has become progressively less able to support either a working or dependent population, which was not making an economic contribution to its costs. To-day, less than one-fifth of the white working population is engaged in agriculture. About one-half of the Union's working force is officially estimated as employed in farming, while its 'share' in the national income amounts to less than one-seventh of the total.

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The declining importance of agriculture as a source of livelihood was doubly important, because of the very large part it had always played in South African economic and political life. Thus, it was not strange that the exodus of population from the countryside and the growth of a poor white class should have dominated economic policy, at any rate, until the 'thirties.' This problem of rural de-population and white impoverishment was not, of course, peculiar to South Africa, though it had a number of singular features.

In a homogeneous society, individuals tend to rise or fall according to their capacity, and find occupations suited to it. In a society stratified along colour lines, however, this vertical diffusion between classes is interrupted. The members of the dominant group, who would ordinarily occupy the lowest stratum of society, are inhibited by the national sentiment from undertaking menial tasks, quite apart from the difficulty of competing for such jobs at the low wages acceptable to their coloured competitors. There were, moreover, limited outlets for such white workers in the more remunerative occupations.

From the outset, mining and ancillary activities have been organized on the basis of a small, highly-paid white labour force and a large supply of African labour performing manual work at much lower rates of pay. This pattern of wages and employment arose because of the original scarcity of the artisan, trading and professional classes, and has been perpetuated by legal and social conventions in the interests of the white group. Thus, it was not easy to fit the unskilled white workers into this peculiar economic organization, because of his lack of training and habits of industry. Many became destitute, and created a special and embarrassing problem of poverty that would not have existed in a country with a homogeneous population.

To-day, unemployment is insignificant among the white community, largely

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Because of the remarkable expansion of the field of employment, particularly in the manufacturing and service industries. Between 1918/19 and 1938/39, the net output of manufacturing expanded by more than three-fold, and has more than trebled again since the outbreak of World War II. Since the end of World War I, the number of white workers in factory production has increased more than six-fold.

The growth of the manufacturing industry is the product of deep-seated changes in the Union's economy. As real incomes have grown, an increasing proportion of disposable incomes has been diverted from food and other necessities to the purchase of services and manufactured products. These changes in consumption patterns created the conditions for an expansion of the industrial structure. There can be little doubt, however, that this process of industrialization was also greatly accelerated by the Authorities' growing pre-occupation with measures to mitigate the serious problem of urban white unemployment. These measures took the form of a 'civilised labour' policy, which deliberately encouraged the use of white rather than non-white unskilled labour in certain occupations, and aimed at enlarging the field of white employment in the growing manufacturing industries.

Since the 'twenties, the scale of manufacturing activity has been expanded by a policy of tariff protection, the establishment by the Government of undertakings such as power, iron and steel production and engineering works, and by close connections with important firms in the United Kingdom and elsewhere. In recent years, the Government has actively encouraged a variety of projects, either through the State-controlled Industrial Development Corporation, or through the establishment of State enterprises such as Sasol (South African Coal, Oil and Gas Corporation).

The important role played by the State in encouraging manufacturing

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is indisputable. Nevertheless, the spectacular growth in manufacturing during the past decade in particular could hardly have taken place without the impetus provided by the war and post-war conditions. The dislocation and destruction at the end of the war, and the excessive demands, which have existed since the early 'forties in relation to the existing flow of goods and services, have made practically any production profitable. In this situation, the existing price and marketing controls affecting agricultural products, as well as the operation of import restrictions, have increased the profitability of manufacturing as compared with activities such as farming and mining.

To-day, manufacturing activities employ almost twice the number of workers engaged in gold-mining, while they account for some 24 per cent, of the country's national income compared with about 7 per cent before the war of 1914-18. During the same period, the 'contribution' of gold and other mining activities to the national income has declined from 28 per cent to about 13 per cent at the present time. The conclusion drawn by some is that gold-mining is now of much less importance compared with its role during previous periods of the Union's economic history. These changes in the South African economy, however, require careful interpretation.

The 'net product' of a given industry, or the size of its labour force, is not a true index of its role in generating income, nor is it an index of the relative importance of any industry to the economy. The extent to which a single industry, say mining, acts as a prime generator of income cannot be assessed on its net product alone. Thus, the mining industry's activity influences the size of the figures of the other component classes of the national income, such as "Agriculture," "Wholesale and Retail Trade," "Transport" and "Manufacturing." The net products of the Engineering, Metals and Power industries, for example, are largely dependent on the demands of the gold mining industry.



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The inter-dependence of income-creating industries should thus not be overlooked, while it is important to recognize the still great dependence of manufacturing industry on gold mining both as a customer and as a source of foreign exchange. Though the contribution of manufacturing to the Union's export trade has expanded substantially, its ability to finance its requirements of imported raw materials and other supplies out of its own exchange earnings is still limited. The value of manufactured exports, including semi-processed gold, only amounts to about 18 per cent of the Union's total exports. Thus, manufacturing has still to reach the stage, where it can rely on its own exchange earnings to finance its activities and their expansion.

There is reason to believe that the very rapid growth in manufacturing since the outbreak of the war has been, in part, at the expense of the Union's export production, with a consequent slowing-down in the rate of its economic growth. A complementary expansion in manufacturing activity as export incomes increase is an inevitable development. It is however, a different matter when attempts are made to force the pace of industrialization as a means of relieving unemployment and poverty.

This is a lesson, which is sometimes overlooked, when industrialization is suggested as a policy to improve standards of living in the under-developed regions of the world. An attempt to expand incomes by diverting labour and other resources from the export industries to activities producing for the home market can have the quite contrary result. Economic development in the Union demonstrates the importance of maintaining exports, either in the form of additional manufactured products or in the form of raw materials. A reduction in the scale of activities in which a country enjoys a comparative advantage will result in a fall of real income, unless this loss of income can be made good by using otherwise unemployed resources.

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GROWTH OF THE NATIONAL INCOME.

It is an extraordinarily difficult matter to express statistically the immense expansion, which has taken place in the Union's economy since the mineral discoveries. National income statistics, which are only available since 1911, have a number of defects, and are of limited utility when they relate to long periods of time. Nevertheless, they provide some indications of the trend and magnitude of economic activity.

The market value of all goods and services increased annually by about 8.5 per cent during the period 1911-12 to 1919-20, while the average rate of growth amounted to 4.4 per cent per annum in the 'twenties and 8.7 per cent in the 'thirties. Since the outbreak of the war in 1939, the net national income produced expanded at an annual rate of almost 11 per cent. These figures make no allowance for the rise in prices, or for the growth in population. Allowance for these factors reveals that the rate of expansion in the 'thirties was more than double the corresponding rate of increase in the 'twenties, while the rate of growth in the 'twenties, in turn, appeared to be almost double the rate attained during the period 1911-12 to 1918-19.<sup>1</sup> This is an astonishing achievement, though this rate of growth has not been maintained, despite the immense expansion during the past decade.

In spite of this rapid economic advance during the past 40 years, average incomes of the bulk of the population are still extremely low. A

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<sup>1</sup>The estimates are those of Professor S. H. Frankel. The 'twenties relate to the period 1922-23 to 1928-29; the 'thirties refer to the period 1932-33 to 1938-39. Though not strictly comparable, each of the periods chosen commence a year after a depression or recession reached its lowest point and each period ends with the peak year of the subsequent boom. See "An Analysis of the Growth of the National Income of the Union in the Period of Prosperity before the War" by S. H. Frankel, assisted by H. Herzfeld, South African Journal of Economics, June, 1944.

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rough computation suggests that average real incomes per person in the Union are about one-third or less of real incomes per head in Australia, the United Kingdom and Canada, and about one-fifth of real incomes in the United States. Such international comparisons have, of course, only a limited validity, but they reveal that the Union of South Africa is still a poor country, when judged by the standards of her total population.

Current statistics of income, however, tend to obscure the real significance of those changes, which have swept the bulk of the population into the modern economy. There has been a persistent and significant improvement in average incomes per head since the turn of the century. In the case of the white population, the improvement, the improvement has been remarkable. Allowing roughly for the share of non-white incomes and for various measures of prosperity, such as passenger motor cars and university students in relation to the white population, the money and real incomes of the whites are, after the United States and Canada, amongst the highest in the world.

Incomes of the non-white inhabitants are very much lower than the incomes of the white population. Yet the significant comparison is, perhaps between the relatively high living standards of the African workers drawn into the orbit of the exchange economy, and the low standards of those still lodged in their primitive subsistence economy. Incomes, both in cash and kind, derived from the tribal economy are extremely low. According to a fairly recent investigation, incomes from agriculture and other activities appear to have averaged about \$70 a year per family of six in the Keiskammahoek district in the Ciskei Reserve. Earlier investigations placed the average Reserve money income at about \$40 a year for a family of five in the Ciskei.<sup>2</sup> In the Keiskammahoek area family incomes in cash and kind, including

<sup>2</sup>See Report of the Witwatersrand Mine Natives' Wages Commission, U.G. No. 21, 1944, page 12.

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remittances from those working outside the district in urban areas and elsewhere, averaged approximately \$140 a year.<sup>3</sup> In contrast, average earnings of non-white workers in manufacturing activities are about two-and-one-half times as high at the present time.

#### URBANIZATION.

Rural poverty and the growing disparity between incomes received from urban and farming activities have been chiefly responsible for the steady depopulation of the countryside. A half a century ago the exodus of the white rural population was a trickle. Since the 'twenties, it has gained in momentum as a result of the immense expansion in mining, industrial and other activities. During the past 40 years, the percentage of whites in rural areas has declined from 52 per cent, to about 25 per cent, of the total white population. This migration of the white inhabitants has been paralleled by the movement of the African, Coloured and Indian peoples into the urban areas, though this process only became significant at the end of World War I. In 1921 one-eighth of the African population lived in the cities and towns; the percentage is now one-quarter.<sup>4</sup> Today, the total population in the urban areas is about 60 per cent, greater than before the war.

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<sup>3</sup>See D. Hobart Houghton and D. Philcos "Family Income and Expenditure in a Ciskei Native Reserve," South African Journal of Economics, December, 1950, page 423.

<sup>4</sup>The figures relating to the African population in the urban areas are not a true indication of the extent of permanent urbanization. Many of the Africans enumerated in the towns are not permanent residents, but are migrants, who leave their families behind in the Reserves in order to supplement their income by working on the mines or in other urban activities. Pressure on the land in the congested Native Reserves as well as the Africans' expanding range of wants are leading to a more settled urban African population. This is borne out by the decrease in masculinity rates, which are now 185 males per 100 females in all urban areas. According to several sample surveys, some 40 per cent of the African population in the towns appears to be permanently urbanized.

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At the present time, the white inhabitants account for about 40 per cent of the population in the cities and towns, the Africans for about 41 per cent, the Coloureds for 13 per cent and the Asiatics (Indians) for some 6 per cent. Thus, the towns are now, in reality, mixed areas with the different elements of the population closely interwoven in economic life. In manufacturing activities, which are mostly located in the urban areas, African and other Coloured workers account for about two-thirds of the labour force. In mining, Africans constitute about 89 per cent of the workers employed. This dependence of urban activities on non-white labour is also a characteristic feature of the rural economy. The rural African population outside the Native Reserves is about four times as great as the whites in the rural areas, and provides over 90 per cent of the workers in farming.

About two-fifths of the African population still live in the Native Reserves, and constitute the only compact bloc of one racial group in the Union. The separation of this group from the rest of the South African economy, however, is more apparent than real, since the Reserves are closely integrated with the labour market. At any time, as many as one-third to one half of the able-bodied population may be at work outside the Reserves. Competent investigators<sup>5</sup> have repeatedly stressed the disastrous consequences of this continuous exodus of adult males from the Reserves on tribal economies and family life. This migrant labour system is a product of complex factors. It reflects, in part, the insecure position of the African in cities and towns, the lack of accommodation for his family, as well as the limited opportunities for his cultural and social advancement. For many Africans a plot of ground in the Reserves is a safeguard against loss of employment and, therefore, their right to remain in the urban areas.

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<sup>5</sup>Report of the Native Laws Commission, 1946-48. U.G. No. 28, 1948, page 17.

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Large-scale migration and urbanization always give rise to difficult social and economic problems. There is the need to provide housing, food and the other requirements of a rapidly expanding urban population as well as the creation of conditions to ease the transition to urban life. In South Africa these problems have been aggravated by colour and cultural differences, and by the reluctance of the Central Government and Local Authorities to accept the social processes taking place. Thus, the African men and women, who have been detached from their old pattern of social relationships, have largely been left to their own devices to make these complicated adjustments in an unfamiliar urban society in which their opportunities to become productive members are restricted. In these circumstances, their requirements for adequate housing and other needs remain unsatisfied, and, indeed, appear to be beyond the existing capacity of the economy. Their solution requires an immense expansion in national production through more effective use of the Union's working population, as well as greatly increased contributions by the non-white peoples to their economic and social betterment.

#### OBSTACLES TO EXPANSION.

The growing incorporation of all sections of the population in the economy has been accompanied by a steady improvement in their economic position. On the basis of these trends, it is tempting to forecast that average incomes per head will expand continuously, - except for temporary set-backs - owing to improvements in techniques as the developing industrial society acquires more knowledge and enjoys the economies of more effective methods of co-operation. Yet, there is nothing automatic about the growth of a country's national income. It depends on the natural resources available, the literacy skill and well-being of the population, the effectiveness with which the so-

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ciety uses its factor endowment, and its ability to adapt itself to the changing circumstances which improved cooperation implies.

In the Union, the expansionary process is taking place within a framework of custom and legislation, which seeks to confine the use made of African and other Coloured labour. Since the early years of this century, the organization of labour on the gold mines has been dominated by a legal colour bar,<sup>6</sup> while restrictions also operate in such 'sheltered' trades as printing and building, and in the engineering and other industries. The industrial colour bar operates largely through trade union pressures, and it has prevented non-whites, particularly Africans, from being apprenticed and gaining access to the skilled trades.

The opposition of skilled artisans to the entry of competitors into their occupations is not confined to South Africa. In the Union, however, the fear of lowered standards because of the competition of cheap labour is intensified by colour distinctions. The result of this stratification of the labour force along colour lines has been to create an economic society composed of non-competing groups. In this society of privilege and caste, the great bulk of African workers is largely confined to unskilled tasks, with limited opportunities to promote themselves along the rungs of the economic ladder. As a result, wide disparities exist between the incomes of the different colour groups. In mining, where the pattern took root because of the original scarcity of technical and other skills, this disparity is most marked. Non-white

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<sup>6</sup>In terms of the Mines and Works Act, the Government is authorized to make regulations to provide for the issue of Certificates of Competence in mining, or works where electrical power is used, and to limit the issue of certificates to white or Coloured persons. The only other legal colour bar operates through the Native Building Workers' Act, which was enacted in 1951. This legislation makes provision for the training and employment of Africans in the building of houses for Africans, and for the proclamation of areas in which Africans may not be employed in the erection and maintenance of buildings for the use of non-Africans.

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workers, who out-number the white workers by about eight to one, receive about half the income of the white miners.

This peculiar economic organization must not be regarded as entirely rigid. The speeding-up of industrialization and the scarcity of workers during the war and post-war years have made considerable breaches in the system. Indeed, the very growth of manufacturing activities has tended to dissolve the complex of the colour bar by opening up an expanding range of work for semi-skilled operatives. To-day, work, which is classed as 'semi-skilled,' appears to be distributed in more or less equal proportions between whites, Africans and other Coloured workers. According to investigations of the Wage Board, 35 per cent of semi-skilled workers are Africans, 33 per cent whites, and Asiatics and Coloureds combined represent 32 per cent.<sup>7</sup> On the other hand, about 84 per cent of the skilled workers in the same trades and industries were whites.

The penetration of non-white workers into the more skilled occupations has been greatly affected by historical circumstances. In older trades, governed by craft traditions, and on the mines, trade union pressure reinforced by law has retarded the advance of non-white workers. Despite these barriers, there has been a substantial modification of the racial composition of the labour force. In the metal and engineering industries, employing over one-quarter of those engaged in private manufacturing industry, more than 20 per cent of the labour force consists of semi-skilled, non-white operatives. In the newer industries, such as clothing, furniture, leather and light steel manufacturing, the employment of African and Coloured workers has proceeded apace

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<sup>7</sup>These statistics are based on investigations between 1937-1950 of sections of the manufacturing industry, although other important groups such as the distributive, catering trades and motor industry were also included. See Report of the Industrial Legislation Commission, U.G. 62 - 1951, pages 22-28.



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in an increasing range of occupations. In the clothing industry, for example, the percentage of white workers (mainly females) has declined from 61 per cent to 29 per cent of the total labour force during the past 15 years.

Given the continued growth of manufacturing activities, it is inevitable that non-white workers will increasingly undertake not only the semi-skilled work, but also a growing proportion of the skilled tasks. The future rate of growth of the different sections of the population, as well as the growing tendency for white workers to move into the distributive and commercial trades is likely to hasten these developments.

The movement of Asiatics, Coloureds, and, to an increasing extent, African workers to the more skilled occupations is bringing about significant reductions in the disparity between the wages of workers exercising different classes of skill. The wage of the unskilled labourer (mainly non-white) on the Railways, for example, now constitutes about 18 per cent of the wage paid to the skilled worker compared with about 7 per cent before the war. In the clothing industry, where the gap between skilled and unskilled wage rates has always been smaller, the percentage has grown from 33 to 39 per cent during the same period. Indeed, there is reason to believe that during the past decade the gap between the real earnings of white and non-white workers has narrowed even more than the gap between their cash wages. In general, remuneration in kind constitutes a greater proportion of the total earnings of non-whites than of whites; and this factor weighs heavily in favour of non-white workers during periods of rapidly rising prices.

There can be little doubt of the constructive and liberalizing influence of the expanding manufacturing and service industries on South Africa's economic life. Yet, the capacity of these industries for generating change within the existing institutional framework is limited. Throughout the war

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and post-war years, the dependence of the growing manufacturing industry on the exchange earnings of the export industries has been masked, in particular, by the immense inflow of funds from abroad, while the war and post-war inflation have provided exceptional opportunities of expansion.

These conditions are now changing. In the process, they are bringing into sharp focus the basic contradictions between economic expansion and the survival of those legal and conventional restrictions, which prevent the full utilization of the efforts of the working force. Despite the great economic advance which has taken place, the national output relative to the total population remains distressingly low. The low volume of production, in turn, restricts the growth of the market and prevents changes in the industrial structure from propagating themselves in a cumulative fashion. Thus, the Union is denying itself the full benefits of those forces of growth, which are the real dynamic factors in an advancing economy. It is significant that the manufacturing industry after more than a quarter of a century of protection is still unable to compete effectively in world markets.

There have, undoubtedly, been substantial modifications of the peculiar labour structure, which restrains the growth of manufacturing and prevents progress taking place in a co-ordinated fashion throughout the economy. Nevertheless, far too many barriers still circumscribe the productive powers of the bulk of the workers, and stunt ambition. Thus, their opportunities of acquiring and exercising skill remain limited, and, consequently impede the development of those faculties, habits of industry, and discipline required in an urban society. In addition, a complex structure of controls restricts the freedom of movement of African workers into the urban areas and their right to acquire property in these areas. Underlying this policy is the assumption that the African is a temporary dweller in the towns, and that his permanent home is in the Native Reserves.

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As a result of restricted social and economic opportunities, the African worker has little incentive to improve his efficiency or to remain in a job. Thus, productivity remains low and labour turnover high.<sup>8</sup> High labour turnover combined with the inefficient system of migrant labour, on which the mines, the Natal sugar plantations, as well as certain farming areas are still based, prevents the development of skills and specialized abilities. The existence of a large, undifferentiated mass of unskilled and illiterate workers leads them to be substituted for less efficient methods, and this severely restricts the scope for mechanization. Thus, is perpetuated a vicious circle of low efficiency, low earning and high labour turnover.

An economy condemned to operate in this manner below optimum capacity cannot easily maintain an uninterrupted rate of economic growth. Indeed, there are unmistakable signs of a slowing-down in the pace of economic expansion, despite the immense constructional, mining, manufacturing and transportation activities during the post-war years. During the period 1947-51, the average annual increase in 'real' income (that is, at 1938 prices) per head of population amounted to about 5 per cent, which represents an extremely rapid rate of growth. Nevertheless, the annual rate of growth of the economy during this period was less than the rate of expansion achieved during the 'thirties.

Conclusions drawn from simple comparisons of rates of growth during periods, which are not strictly comparable, require careful interpretation. During the period 1933-39, the Union's economy expanded at a phenomenal rate, largely owing to the rise in the price of gold in terms of Sterling and Dol-

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<sup>8</sup>A detailed analysis of the employment histories of 251 firms showed that one half of the jobs taken by Africans lasted less than 6 months, three-quarter less than 1 year and 90 per cent less than 2 years. See Native Urban Employment, 1936-44, Department of Commerce, Witwatersrand University.

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lars, with a consequent improvement in the real value of South Africa's exports (including gold) in terms of imports. On the other hand, a complex set of factors helped to restrain the expansion in output during the period 1947-51. There can be no doubt, for example, that the insignificant increase or even decline during this period in the output of gold, wool and hides and skins, which still account for about half the Union's export income, has been a vital factor in the declining rate of economic growth in the Union. This decline in export production reflects the diversion of labour and other resources to those activities, notably manufacturing, which have benefitted most from the inflationary growth of money incomes and prices. At the same time, the real value of South African exports in terms of imports has shown a steady tendency to decline, largely because of the diminishing quantity of goods obtained for each ounce of gold.<sup>9</sup>

Whatever the precise explanation, the signs of strain in the Union's economy are evident in significant aspects of its economic life. Though the value of farming production is now more than three times as great as in 1938-39, the output of agricultural and pastoral products is little more than one-third higher than before the war. The failure of farming output to respond to rising incomes and prices has produced a precarious balance between existing supplies and inflated money demands. As a result, there have been repeated shortages of wheat, dairy produce and other products during the post-war years. The incapacity of key industries, again, such as transportation, power and coal to cope with growing demands has undermined the efficient operation of the economy. In mining, the strain is apparent in the steady rise in gold

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<sup>9</sup>In 1949 a unit of exports (including gold) bought only 85 per cent of the imports it bought pre-war. To some extent this position was adjusted by the devaluation of currencies in September 1949, and by the sharp rise in commodity prices until the early part of 1951. See "The Sterling Area" prepared by Economic Co-operation Administration (Special Mission to the United Kingdom), pp. 247 et seq.

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mining costs, which is fundamentally due to the fairly rigid racial composition of its working force. This has weakened its ability to retain its complement of workers in competition with the manufacturing and tertiary activities. Today, the mining industry has to draw more than 60 per cent of its workers from outside the Union's borders.

The inability of the Union's major branches of activity to expand output sufficiently has severely strained the economy's capacity to provide housing, food, education and other amenities of a rapidly growing urban population. Its flagging ability to undertake these economic tasks is evident in the rapid growth of money incomes and prices unaccompanied by a commensurate expansion in output. Since the outbreak of war, aggregate money incomes have expanded rapidly, but the real value of production has only grown at about half the rate. The result has been unsatisfied demands, economic waste of resources, and social distress, which has been accentuated by the prevailing distribution of incomes.

#### WHAT OF THE FUTURE?

In less than three-quarters of a century, the white inhabitants of the Union have fashioned with the co-operant efforts of the African and Coloured peoples the most modern economy in Africa south of the Sahara. In the process, average incomes of the white group have risen to levels found in advanced economies, while the living standards of the non-white groups drawn into the orbit of the modern exchange economy are much above the standards of those still engaged in subsistence production. The drive behind these immense economic advances has come from the economically and culturally more highly developed white inhabitants of the country.

The problem of the future is to hasten the pace of development, and bring about an all-round improvement in living standards, while reducing gross

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disparities in wealth and income. Without a substantial increase in the volume of production, it will be difficult to raise significantly the consumption standards of the mass of the population. This will require an economy in which full opportunities exist for developing the skills and capacities of its members. Failure to develop new social and economic structures to replace the disintegrating tribal societies will leave the indigenous people uprooted, and incapable of integrating themselves into meaningful social and economic relations in the new industrial society. The social and political dangers of precipitating men and women into unfamiliar economic societies in which they are not fully received have become increasingly obvious. This is not a task which can be accomplished by the wave of a magic wand. It requires patient experimentation with new forms of economic and social organization, and the creation of devices for smoothing the transition of those ill-adapted to cope with economic change.

Throughout the Union's modern history, the need to make those fundamental changes required by an expanding economy has been obscured by a series of economic windfalls in the past. To-day, there is again the danger that the immense increase in incomes in prospect from the new gold-mining developments in the Orange Free State, the Far West Rand and the Klerksdorp areas, as well as the exploitation of the Union's uranium resources, will once more reduce the urgency of these adjustments. Yet, these very developments are demonstrating in a vivid fashion the economy's increasing inability to cope with its growing economic tasks. Indeed, the present acute shortage of labour in gold mining at current wage rates is not merely curtailing the lives of many of the existing gold producers, but slowing-down the rate of development in the new gold-fields. Thus, the beneficial flow of additional gold and uranium exports, on which such great store is being placed to buoy up the economy in the immediate future, is likely to be delayed.

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The white community is evidently facing a choice of alternative policies: the progressive relaxation of restrictions inhibiting the growth of labour productivity or the perpetuation of existing legal and institutional barriers to development, with their depressing effects on consumption standards as well as the relationship between the different racial groups. It will not be an easy decision for the whites to forego their monopolistic position in the South African society, and expose themselves to the continuous effort and the incessant vigilance necessary in the interests of efficiency and social justice.

The white inhabitants are in this respect not very different from people everywhere, who attempt to maintain their income standards through restrictive practices. They are besides filled with apprehensions and doubts, which are a product partly of their frontier history and partly of their human frailty. However ill-founded, their fears are facts of deep psychological and historical importance. The white man is uneasy as he observes the Africans' educational progress, their rise in economic and social standards, their attempt to strengthen their bargaining position, and the growth of African nationalism. He fears the growth of Native political rights, and the possibility that some day numbers will predominate in the Government of South Africa. Chiefly, he fears that present development will ultimately lead to social mixtures, to race mixture, to the destruction of 'white South Africa.'

Fear has a cramping influence on men's minds. Yet, economic experience is a hard task master, and its lessons cannot be easily ignored. Continued resistance to full co-operation with the African and Coloured people will inevitably lower the Western standards of life achieved in the Union: the African population, after all, constitutes a most important part of the resources on the utilization of which depends the economic prosperity of the

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whole society. If, through the application of restrictions, economic growth is brought to a halt, non-white competition will almost certainly grow progressively keener, and restrictions will become at the same time more necessary and more difficult to impose.

A surer basis for dealing with the Union's complex social and economic problems is through a policy of expansion. If economic development can be pushed on more rapidly, the demand for white, African and Coloured labour will increase, and the field of competition will be narrowed. It is, in any case, in an advancing and expanding phase of industrial activity that those qualities which distinguish the white inhabitants will be in greatest demand. Thus

a policy of justice and wisdom can be made to coincide with economic interest.

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THE FORMER ITALIAN COLONIES AND ETHIOPIA: TRENDS AND PROSPECTS

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Probably nothing since the Italian occupation has affected the course of political events in the former Italian Colonies and Ethiopia so profoundly as the decisions of the UN General Assembly in 1949 and 1950 with respect to the disposition of Libya, Eritrea, and Somaliland. As a result, Libya achieved independence in 1951; Eritrea, in 1952, became an autonomous unit federated with Ethiopia under the sovereignty of the Ethiopian Crown; and Somaliland will become independent in 1960.

The General Assembly assumed this responsibility in accordance with the Italian Peace Treaty of 1947 after the Council of Foreign Ministers (France, the UK, the US, and the USSR) had failed to agree on this question within a year after the Peace Treaty came into effect. The task of finding a formula acceptable to a two-thirds majority of the Assembly proved exceedingly difficult and was accomplished only by compromises some of which, however inevitable, may not in the long run prove to be the most suitable for the particular area affected.

The role of the United Nations has not been limited simply to reaching these broader decisions but has also included guidance during the transitional periods and a continuing interest through technical assistance in the social and economic advancement of these territories. UN Commissioners in Libya and in Eritrea aided the inhabitants in drafting their constitutions and in

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preparing themselves in other respects for independence or self-government; and a UN Advisory Council is assisting the Italian administering authorities in Somaliland throughout the period of the trusteeship. A UN Tribunal in Libya and Eritrea is authorized to decide questions relating to Italian property. The Specialized Agencies of the United Nations (e.g., WHO, FAO, and UNESCO) have rendered valuable services to Libya and Somaliland through the UN's Expanded Program of Technical Assistance. Libya is now receiving more aid per capita from the UN than any other country.

All these territories face the common challenge, so familiar elsewhere in Africa, of developing backward economies, raising low standards of living, and providing increased facilities for education, and health. In addition, all are seeking to prepare their inhabitants for more effective participation in government and to strengthen their sense of national solidarity. It is to these problems that we shall now turn as we examine separately the trends and prospects in Libya, Somaliland, and Ethiopia-Eritrea.

#### LIBYA

The establishment of the United Kingdom of Libya on December 24, 1951, marked the end of centuries of foreign occupation and control and the birth of a constitutional monarchy federal in nature and faced with innumerable problems of policy and administration. Four of these problems in particular pose serious and basic questions for the West because of Libya's strategic position in Northeastern Africa. First, how can a state with obviously limited economic resources and technical skills develop a viable economy? Second, how can a strong sense of national unity be generated to overcome separatist tendencies latent in the history and diverse characteristics of the three component provinces--Tripolitania, Cyrenaica, and Fezzan? Third, how can a Western-type constitution and a modern governmental bureaucracy best be adapted

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to the political dynamics and social and economic institutions of this Arab state? Fourth, how can a foreign policy be formulated which will permit Libya to remain on good terms simultaneously with the Great Powers of the West and with its sister Arab states, some of whom see "imperialist" motives in Western policies toward Libya?

Economic And Technical Assistance. Libya is a poor country, almost totally lacking in valuable known mineral resources or fuel; its precarious agricultural and pastoral economy is subject to inadequate rainfall, often resulting in drought, and to damage of crops from searing desert winds, flash floods, and pests. Coastal fishing and simple manufacturing supplement the fluctuating returns from agriculture. Nevertheless, based on a UN estimate, economic benefits equal to more than half of Libya's national income are derived from foreign expenditures relating to military facilities and the contributions of foreign governments to meet budget deficits and further economic development.

Without this external assistance, it is clear that Libya today could maintain neither its present standards of living (however low); nor the average annual cash income of its people (estimated at only about \$35 per capita); not its present level of imports (most of which consist of essential consumer goods such as food and clothing and only half of which it can pay for through exports); nor its present low level of government services. The country incurs a budget deficit of 35 per cent, which is balanced only through the direct contributions of France and particularly of the UK.

Many years of concentrated effort to overcome its economic and technical deficiencies lie ahead if Libya is gradually to dispense with the foreign props which now support its economy. A long-term program for improvements in such fields as education, agriculture, health, and development of natural re-

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sources is supported by technical assistance from the US (amounting to \$2.8 million in the past two years) and the UN (about \$2.5 million for the same period). In addition, with the financial help of the UK, France, and Italy, Libya has established a Development and Stabilization Agency to execute public capital improvements and mitigate the effects of drought and a Finance Corporation to provide long-term low interest loans for agricultural, industrial, and commercial projects.

In June of this year the Libyan Government submitted a memorandum to the UN Economic and Social Council on the additional technical and financial assistance required to meet its urgent development needs. A Five Year Capital Development Program was outlined calling for the expenditure of almost \$18,000,000 in addition to the maintenance of a drought relief fund of \$2,800,000. Much of the needed aid should become available as the result of a financial agreement with the UK signed in July along with a treaty of friendship and alliance. Under its terms, Libya will receive annually for the next five years \$2,800,000 for economic development and about \$7,700,000 for budgetary purposes. The ECOSOC proposed in August that the General Assembly invite all governments in a position to do so to provide financial and technical aid to Libya, and recommend that the UN and its specialized agencies give due consideration to Libya's specific development needs, if and when further means become available for assisting underdeveloped areas.

National Unity. With the establishment of a Libyan state, there were those who feared that the centrifugal forces of regional separatism would prevent the development of strong national unity. They pointed, among other things, to: (1) the wide differences in population among Tripolitania's 800,000 inhabitants, Cyrenaica's 300,000, and the 50,000 of Fezzan, and the determination of the two latter areas to avoid interference in their own af-

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fairs by Tripolitania, (2) the great stretches of desert separating these three "islands" and the resulting difficulties of rapid or extensive inter-communication, and (3) the differences in outlook arising from separate local histories, degree of contact with foreigners, and structures of society. Cyrenaica contains the most homogeneous, closely-knit tribal nomadic and semi-nomadic peoples; Tripolitania, a population more Westernized, detribalized, and less ethnically or politically cohesive; and Fezzan, largely sedentary groups of politically untutored oasis dwellers.

The period of less than two years since Libyan independence is indeed too short to permit fair judgment on the future prospects for national unity, but it is well to bear in mind some of the chief elements which are working to overcome this problem with even chances of success. Aside from the unifying effects of language, religion, and culture they include: (1) the central position of the King, Idris I, as a symbol of the united allegiance of all parts of Libya and as a force for emphasizing the overriding importance of national over provincial interests; (2) the federal nature of the constitution, which while allaying the provinces' fears of being dominated by one another, nevertheless provides the framework for a strong central government in control of the major sources of revenue; and (3) the sense of national consciousness derived not only from sheer existence as an independent state but also from the slowly growing realization of Libya's citizens--especially in Parliament and in the urban centers--that they share common domestic and foreign problems.

Adaptation to Western Institutions. Given the political and social patterns which have long characterized Libyan society, it would be surprising if custom and usage did not result in special adaptation of the Western form of responsible government provided in the Constitution to the peculiarities of

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the Libyan environment. Thus, political power is likely to remain for some time in the hands of a few prominent families and traditional leaders supplemented by a small but growing educated urban elite. Submission of the individual to the group and acceptance of decisions made by traditional leaders with higher social status have long been the rule. To most Libyans--inexperienced in self-government beyond the tribe or village and accustomed to associating central and regional government with foreign domination--loyalty to the state and direct participation in government are still innovations. While these attitudes are changing, especially in the urban centers and coastal Tripolitania, they remain significant limitations to any rapid or drastic changes in the traditional social system.

The Libyan Constitution affords considerable latitude in this respect for a gradual transformation toward more modern practice. The framework for responsible government in the Western sense is clearly provided through direct responsibility of the Council of Ministers to a popularly elected lower house, exemption of the King from all responsibility, and the required countersignature of his ministers to all his acts of state. Despite these limitations on the King, the Constitution enables him to take control if an emergency so demands. Thus, he may exercise a suspensive veto on legislation, dissolve the lower house or adjourn both houses of Parliament, and today, when legislators tend to follow his lead, he may appoint and remove his ministers virtually as he pleases.

In the past two years national stability has been fostered by the able leadership of Prime Minister Mahmud Muntasser, but in trying to reconcile his responsibility to both King and Parliament, he has occasionally been placed in a difficult and ineffective position. His possible resignation in the near future because of illness would leave few other Libyans with known com-

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parable qualifications to succeed him. A similar uncertainty surrounds the question of the royal succession, which the Constitution leaves for determination by the present King, a man without issue and frail in health.

Foreign Policy. Libya desires the friendship both of the Arab states and of the Great Powers of the West; yet so long as strained relations exist between certain members of both groups, Libya's middle position could be misunderstood by either side. On the other hand, Libya might serve as a bridge in bringing the two closer together. Libya is tied to the Arab world not only by religion, culture, and a similar history of recent foreign domination but also by membership in the Arab League. At the same time, by permitting the UK, the US, and France to maintain military facilities on Libyan soil and by recently concluding a treaty of friendship and alliance with the UK, the Libyan Government has shown its readiness to be associated closely with the Western powers. This treaty specifically stipulated that nothing therein is to prejudice Libya's obligations under the Covenant of the Arab League and thus places Libya in a position similar to that of Iraq and Jordan in being linked both to the Arab League and to the UK by a treaty of alliance.

#### SOMALILAND

Many of the problems faced by Libya in mastering the art of self-government and establishing its economy on a firm and solvent basis are present in even more serious form in the Trust Territory of Somaliland under Italian Administration. The handicaps to be overcome before December 2, 1960, when, in accordance with the decision of the UN General Assembly, Somaliland is to become independent, are truly formidable if independence is not to be premature.

The difficulties, both human and physical, present a challenge which can be met only by time, persistent application, adequate financial resources,

and human ingenuity. Somaliland's inhabitants (1,275,000) are predominantly pastoral nomads eking out a precarious existence in a semibarren land, illiterate, untrained in modern skills, and unprepared to exercise the modern institutional techniques of national self-government.

The Italian administering authority, under general guidance of the UN Trusteeship Council, is endeavoring to raise the standards of education and health, organize representative and democratic institutions, and increase the productivity needed to approach economic self-sufficiency. Educational and technical training has made a good beginning handicapped as it is by nomadism, the necessity of using foreign languages in instruction, shortage of teachers and funds, and the pressure of time. A representative territorial assembly has been established and on lower levels, residency and municipal councils. These bodies are advisory at the moment, but as they gain greater knowledge of parliamentary procedure and appreciation of the need for considering public problems on a broader basis than the traditional kinship group or tribe, they will be granted fuller legislative authority. Members of the younger, educated, urban Somali elite have sought with some success to break down tribalism through emphasis on modern education and political organization (notably the Somali Youth League). Their effectiveness has been limited, however, not only by the sheer magnitude of the problem but also by their difficulties in bringing themselves to cooperate with the Italian authorities, whose return they had bitterly opposed.

Somaliland faces staggering problems in achieving economic independence, given its meager natural resources, its perennial budget deficits (amounting to roughly one-half of expenditures) and its adverse balance of trade. Its exports (chiefly bananas, cotton, and hides and skins) pay for only about 40 per cent of its imports. Short of promising discoveries of oil, not yet ac-



hieved but being sought, or of some other valuable resource, Somaliland will find itself heavily dependent on external financial and technical aid after independence. There are possibilities, however, for improvements which could reduce this need. Studies (some of them undertaken by the UN and its Specialized Agencies), plans, and programs are already under way to expand the small agricultural potential, coastal fishing, and the processing of raw materials.

#### ETHIOPIA-ERITREA

Ethiopia's postwar years have been marked by great progress in modernization, federation and increasingly active participation in world affairs.

Modernization. For centuries Ethiopia was isolated from the rest of the civilized world primarily because of geographic inaccessability--the rugged interior of the country, fringed by desert, the absence of adequate all-weather roads, and the lack of a direct outlet to the sea. Its peoples, mostly peasants and herdsmen of many strains and tongues, have lived in a tribal and semifederal society strongly resistant to innovation and, not without reason, suspicious of outsiders. Long ruled by a "King of Kings," whose theoretically absolute power fluctuated in strength from one century to another with the tides of internal warfare, Ethiopia has made its greatest strides toward adoption of Western institutions during the past quarter century under its present Emperor, Haile Selassie I. So rapid have been the changes that under a less wise ruler, the strain of adjustment would have taxed sorely the loyalty of the traditional, conservative lesser ruling class. Economically the country remains relatively undeveloped, and the impact of new ideas and methods still has affected directly only a comparatively small proportion of the entire population of 16,000,000. But the seeds have been sown for much wider advancement in future generations.

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The most notable changes are visible in the fields of education, government administration and economic development. Despite the serious decimation of the Ethiopian intelligentsia during the Italian occupation, the government has pushed energetically ahead since its return in 1941 toward the goal of education for the masses. Education is of major concern to the Emperor and is allotted over 10 per cent of the national budget. Student enrollment in public schools rose from 19,000 in 1943 to over 60,000 in 1952, including more than 6,000 girls. The number of government schools--most of them with only 4 or 5 grades and only 4 of them secondary--increased from 120 to over 500. Ethiopian teachers, most of whom have had only a few years of schooling, now number over 2,000 in contrast to ~~one~~<sup>one</sup> tenth that amount before the war; and foreign teachers, over 300 instead of about 40. To the various specialized post-primary schools already in existence was added in 1951, a university college of arts, sciences, and law; an agricultural college along with other agricultural and technical schools are now being planned. Despite these steps, there is wide room for improvement, as the Ethiopian Government is well aware, in such matters as teacher training, expanded schooling, and a more varied and practical curriculum.

The structure of government was reorganized after 1941 with much greater centralization and unification of control and the adoption of such innovations as a budget, centralized accounting, and a more modern system of taxation and currency. There are still too few qualified persons to handle the governmental workload, a corresponding reluctance of ministers to delegate responsibility to subordinates, and--as in all governments--problems of bureaucratic jurisdiction. The great need for technically trained personnel will continue for many years despite the increasing availability of Ethiopians with higher education. Foreign advisers still play an important role in certain of the ministries.

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The Ethiopian economy, based primarily on the export of coffee, hides and skins, cereals, pulses, and oilseeds, has enjoyed a postwar prosperity reflected in balanced budgets and favorable balances of trade. Long handicapped in further economic expansion by its limited communication facilities, Ethiopia is now beginning to reap the benefits of loans from the International Bank for Reconstruction and Development, which, together with its own expenditures, are now being used to improve roads and telecommunications as well as to finance the operations of a development bank. The country is now raising sugar cane for the first time in quantities which in the near future should be enough for its own domestic requirements. Similar production plans are under consideration to end the need for imports of raw cotton. With the help of technical assistance from the US and Specialized Agencies of the UN, many other improvements are underway in agriculture as well as education and health. Thus, a cattle rinderpest control program is part of a wider scheme to use more fully the potentialities of Ethiopia's large livestock population. Other promising signs of economic activity include the successful operations of the Ethiopian Airlines, Inc., the search for oil, thus far without discovery, and the continued interest of foreign investors in possible opportunities within the country. While the government officially welcomes investors, it has not often thus far taken prompt action to facilitate their plans.

Federation. The federation, as a result of UN decision, of Eritrea with Ethiopia under the Crown of the Emperor in September 1952 assured Ethiopia a long-sought direct access to the sea, an enlarged free trade zone, and more diversified labor skills. It also removed Ethiopia's anxiety that Eritrea might be occupied by a future aggressor, and it brought into closer contact peoples with some common geographic, historic, and ethnic ties. At the same time Eritrea was assured by the UN resolution, among other things, of an op-

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portunity for local self-government, protection by the federal government against possible external aggression, and the removal of the few existing impediments to the free flow of trade with Ethiopia, its chief source of grain supply.

Great tact and flexibility will be essential on the part of both Ethiopians and Eritreans if the new federation is to function harmoniously. While the trend in recent years within Ethiopia has been toward the strengthening of the central government's authority over the provinces, the separate autonomy of Eritrea may stimulate desires in some of the Ethiopian provinces for similar status and privileges. The urban inhabitants of Eritrea have been disturbed by the rise in the cost of living immediately after federation, as a result of higher customs and other duties. Ethiopia, however, has assured the United Nations that it will respect Eritrean autonomy and grant Eritrea all necessary economic assistance.

Role in International Affairs. The emergence of Ethiopia from its centuries of isolation to active participation in affairs of the outside world reflects the trends toward modernization already noted within the country as well as the political sophistication of its Emperor. Represented abroad today by at least 26 diplomatic and consular posts, Ethiopia has joined fully in postwar international activities since the San Francisco Conference in 1945. Despite its failure in 1935 to receive effective aid from the League of Nations against Fascist aggression, Ethiopia's subsequent sufferings have if anything reinforced its advocacy of the principle of collective security. Striking evidence of this position was Ethiopia's sending of troops, who gained a high reputation for valor, to join the UN military effort in Korea.

In December 1952, the Emperor declared in a press interview not only that Ethiopia would do its utmost to join a Middle East Defense Organization

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if one were established but also that he would welcome an American military mission to help modernize his forces. The US and Ethiopia in May 1953 concluded a Mutual Defense Assistance Agreement under which the US will supply military aid and training assistance and thus enable Ethiopia to strengthen its own internal defense and capabilities for joining in the collective defense of this part of the free world. In determining that Ethiopia was eligible for grant aid under the Mutual Security Act, President Eisenhower took into consideration Ethiopia's strategic position in the Near East and Red Sea area and the importance of Ethiopia's defensive strength to the security of the US.

From the foregoing discussion it should be clear that the former Italian Colonies and Ethiopia have made steady progress since the war toward modern self-government and, in certain territories, toward economic viability. These accomplishments are magnified in the light of the physical and human handicaps under which they have been achieved. While these difficulties are similar to those found elsewhere in colonial Africa, they appear greater in some respects, given the new or promised independence of some of these territories and their limited resources.